State Plan Under Title XIX of the Social Security Act
Medical Assistance Program
State: NORTH CAROLINA

Payments for Medical and Remedial Care and Services: Inpatient Hospital

with the Health Care Financing Administration, U. S. Department of Health and Human Services on or before September 16, 1999; and

(iii) files with the Division on or before September 16, 1999 by use of a form prescribed by the Division a certificate of public expenditures to support a portion of the non-federal share of the payment it shall receive pursuant to this Paragraph.

B. Reasonable costs shall be ascertained in accordance with the provisions of the Medicare Provider Reimbursement Manual as defined on page 9 Subparagraph (b) of this state plan.

C. The phrase "Medicaid payments received or to be received for these services" shall exclude all Medicaid disproportionate share hospital payments received or to be received.

(2) Qualified public hospitals shall receive a payment under this Paragraph in an amount (including the public expenditures certified to the Division by each hospital for the non-federal share) not to exceed each hospital's Inpatient Medicaid Deficit.

(3) Hospitals licensed by the State of North Carolina and reimbursed under the DRG methodology for more than 50 percent of their Medicaid inpatient discharges for the fiscal year ending September 30, 1999 that are not qualified public hospitals as defined in this Paragraph shall be entitled to a lump sum payment under this Paragraph for their Inpatient Medicaid Deficit calculated in accordance with Subparagraph (1) in an amount not to exceed 67.43 percent of their Inpatient Medicaid Deficit.

State Plan Under Title XIX of the Social Security Act
Medical Assistance Program
State: NORTH CAROLINA

Payments for Medical and Remedial Care and Services: Inpatient Hospital

(4) Payments authorized by this Paragraph shall be made solely on the basis of an estimate of costs incurred and payments received for Medicaid services during the payment fiscal year 1999. The Director of the Division of Medical Assistance shall determine the amount of the estimated payments to be made by analysis of costs incurred and payments received for Medicaid services as reported on costs reports for fiscal years ending in 1998 filed before September 16, 1999 and supplemented by additional financial information available to the Director when the estimated payments are calculated if and to the extent that the Director concludes that the additional financial information is reliable and relevant.

(5) To insure that estimated payments pursuant to the preceding Subparagraph do not exceed the state aggregate upper limits to such payments established by applicable federal law and regulation (42 CFR 447.272), such payments shall be cost settled within twelve months of receipt of the completed cost report or December 31, 2000, whichever date is earliest. Hospitals that receive payments in excess of unreimbursed reasonable costs as defined in this Paragraph shall promptly refund their proportionate share of any payments that exceed the state aggregate upper limits as specified by 42 CFR. 447.272. No additional payment shall be made in connection with the cost settlement.

State Plan Under Title XIX of the Social Security Act
Medical Assistance Program
State: NORTH CAROLINA

Payments for Medical and Remedial Care and Services: Inpatient Hospital

DISPROPORTIONATE SHARE HOSPITALS

(a) Hospitals that serve a disproportionate share of low-income patients and have a Medicaid inpatient utilization rate of not less than one percent (1%) are eligible to receive rate adjustments. The cost report data and financial information that is required in order to qualify as a disproportionate share hospital effective April 1, 1991 is based on the fiscal year ending in 1989 for each hospital, as submitted to the Division of Medical Assistance on or before April 1, 1991. The data and information to qualify as a disproportionate share hospital effective July 1, 1991 is based on the fiscal year ending in 1990 for each hospital, as submitted to the Division of Medical Assistance on or before September 1, 1991. In subsequent years, qualifications effective October 1 of any particular year are based on each hospital's fiscal year ending in the preceding calendar year. The patient days, costs, revenues, charges or other data related to nursing facility services, swing-bed services, home health services, outpatient services, or any other service that is not a hospital inpatient service cannot be used to qualify for disproportionate share status. A hospital is deemed to be a disproportionate share hospital if:

(1) The hospital has at least two obstetricians with staff privileges at the hospital who have agreed to provide obstetric services to individuals eligible for Medicaid.In the case of a hospital located in a rural area, the term obstetrician includes any physician with staff privileges at the hospital to perform non-emergency obstetric services procedures. This requirement does not apply to a hospital which did not offer non-emergency obstetric services as of December 21, 1987 or to a hospital that predominantly serves individuals under 18 years of age; and

(2) The hospital's Medicaid inpatient utilization rate, defined as the percentage resulting from dividing Medicaid patient days by total patient days, is at least one standard deviation above the mean Medicaid inpatient utilization rate for all hospitals that receive Medicaid payments in the state; or

State Plan Under Title XIX of the Social Security Act
Medical Assistance Program
State: NORTH CAROLINA

Payments for Medical and Remedial Care and Services: Inpatient Hospital

(3) The hospital's low income utilization rate exceeds 25 percent. The low-income utilization rate is the sum of:
   (A) The ratio of the sum of Medicaid total revenues for patient services plus cash subsidies received from the State and local governments divided by the hospital's total patient revenues; and
   (B) The ratio of the hospital's gross inpatient charges for charity care less the cash subsidies for inpatient care received from the State and local governments, divided by the hospital's total inpatient charges; or

(4) The sum of the hospital's total Medicaid revenues, bad debts allowance net of recoveries, and charity care exceeds 20 percent of gross patient revenues; or

(5) The hospital, in a ranking of hospitals in the state from most to least in number of Medicaid patient days provided, is among the top group that accounts for 50% of the total Medicaid patient days provided by all hospitals in the state; or

(6) Psychiatric Hospitals operated by the North Carolina Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, Substance Abuse Services (DMH/DD/SAS) and UNC hospitals operated by the University of North Carolina at Chapel Hill (UNC). Neither the Division of Mental Health or UNC Hospitals have to meet the criteria of Subparagraphs a(1) through (5) of this plan but must have an inpatient utilization rate of not less than 1%.

High disproportionate share hospitals as defined by the statutory definition in Section 1923(g) of the Act meeting additional tests, may be reimbursed up to 200% of their costs of care to Medicaid and uninsured patients less Medicaid regular payments and uninsured patient payments. The costs utilized to calculate the payment for the 200% tests are obtained from the providers. The formula for calculating the 200% is the result of the total costs of providing inpatient and outpatient services to Medicaid and uninsured patients less all payments received for services provided to Medicaid and uninsured patients times two. The additional tests as defined by 1923(g) are:

(1) The hospital is owned or operated by a state (or by an instrumentality or a unit of government within a State): and

State Plan Under Title XIX of the Social Security Act
Medical Assistance Program
State: NORTH CAROLINA

Payments for Medical and Remedial Care and Services: Inpatient Hospital

(2) The hospital's Medicaid inpatient utilization rate is at least one standard deviation above the mean Medicaid inpatient utilization rate for hospitals receiving Medicaid payments in the State.

Funds over 100% used to support health services during the year must be certified by the Governor.

(b) The rate adjustment for a disproportionate share hospital is 2.5 percent plus one fourth of one percent for each percentage point that a hospital's Medicaid inpatient utilization rate exceeds one standard deviation of the mean Medicaid inpatient utilization rate in the state. The disproportionate share rate adjustment is applied to the payment rate of all qualified disproportionate share hospitals exclusive of any previous disproportionate share adjustments.

State Plan Under Title XIX of the Social Security Act
Medical Assistance Program
State: NORTH CAROLINA

Payments for Medical and Remedial Care and Services: Inpatient Hospital

(c) An additional one time payment, for the 12 month period ending June 30, 1995 in an amount determined by the Director of the Division of Medical Assistance, may be paid to the public hospital having the largest number of Medicaid inpatient days of all hospitals as determined in paragraph (a)(5) above. The payment limits of the Social Security Act, Title XIX, section 1923 (g) require that when added to other DSH payments, the additional disproportionate share payment will not exceed 200% of the total costs of providing inpatient and outpatient services to Medicaid and uninsured patients less all payments received for services provided to Medicaid and uninsured patients. The total of all payments may not exceed the limits on Disproportionate Share Hospital funding as set for the State by HCFA.

(d) To insure that estimated payments pursuant to the preceding Subparagraph do not exceed the state aggregate upper limits to such payments established by applicable federal law and regulation (42 CFR 447.272), such payments shall be cost settled within twelve months of receipt of the completed cost report or December 31, 1996, whichever date is earliest. Hospitals that receive payments in excess of the limits as defined in Paragraph (c) above shall promptly refund such payments. No additional payment shall be made in connection with the cost settlement.

State Plan Under Title XIX of the Social Security Act
Medical Assistance Program
State: NORTH CAROLINA

Payments for Medical and Remedial Care and Services: Inpatient Hospital

(d) Effective July 1, 1994 hospitals eligible under Subparagraph (a) (6) of this plan will be eligible for disproportionate share payments, in addition to other payments made under the North Carolina Medicaid Hospital reimbursement methodology, from a disproportionate share pool under the circumstances specified below:

(1) An eligible hospital will receive a monthly disproportionate share payment based on the monthly bed days of service to low income persons of all hospitals times allotted funds.

(2) This payment shall be in addition to the disproportionate share payments made in accordance with Paragraphs (f), (g) and (j) under Administrative Appeals of this plan. However, DMH/DD/SAS operated hospitals and UNC Hospitals operated by the University of North Carolina at Chapel Hill (UNC) are not required to qualify under the requirements of Subparagraphs (a) 1 through 5.

(3) The amount of allocated funds shall be determined by the Director of the Division of Medical Assistance, but not to exceed the quarterly grant award of funds (plus appropriate non-federal match) earmarked for disproportionate share hospital payments less payments made under Subparagraphs (a)(1) through (5) of this plan.

(4) To assure compliance with section 1923(g) of the Social Security Act, total DSH payments made to each hospital will be cost settled, and appropriate adjustments made to assure that the hospital's net aggregate DSH payments do not exceed the hospital's net cost of providing services to Medicaid and uninsured patients.

(5) The amount of total DSH payments under this plan may not exceed the total costs of providing inpatient and outpatient services to Medicaid and uninsured patients less all payments received for services provided to Medicaid and uninsured patients. For this purpose, costs will be determined in accordance with Medicare

State Plan Under Title XIX of the Social Security Act
Medical Assistance Program
State: NORTH CAROLINA

Payments for Medical and Remedial Care and Services: Inpatient Hospital

principles of reimbursement excluding TEFRA principles.

(6) Adjustments to assure compliance with the upper limit test will be made based on cost report findings.

In the above formula, bed days of services to low income persons is defined as the number of bed days provided to individuals that have been determined by the hospital as:

(1) Patients who do not possess the financial resources to pay portions or all charges associated with care provided; or

(2) Patients who do not possess health insurance which would apply to the service for which would apply to the service for which the individual sought treatment; or

(3) Patients who have insurance but are not covered for the particular service rendered; or

(4) Patients who have insurance but are not covered for the procedure or treatment.

Low income persons include those persons that have been determined eligible for Medical Assistance. The count of bed days used to determine payment is based upon the month immediately prior to the month that payments are made.

State Plan Under Title XIX of the Social Security Act
Medical Assistance Program
State: NORTH CAROLINA

Payments for Medical and Remedial Care and Services: Inpatient Hospital

(e) An additional one time payment during the 12-month period ending September 30, 1995 in the minimum amount of $23,000,000.00 (subject to the payment limits specified in this Subparagraph) may be paid to the public hospital having the largest number of Medicaid inpatient days of all hospitals as determined in Subparagraph (a)(5) of this Plan, determined without regard to the inpatient days of either the hospital that qualifies for disproportionate share payments under the provisions of Subparagraph (c) of this Plan or the hospitals that qualify for payments under Subparagraph (b) page 8 of this plan. The payment limits of the Social Security Act, Title XIX, section 1923(g)(1) applied to this payment require that when this payment is added to other DSH payments, the total disproportionate share payments will not exceed 100% of the total costs of providing inpatient and outpatient services to Medicaid and uninsured patients for the fiscal year in which such payments are made, less all payments received for services to Medicaid and uninsured patients. The total of all payments may not exceed the limits on Disproportionate Share Hospital funding as set forth for the State by HCFA.

(1) To insure that estimated payments pursuant to the preceding Subparagraph do not exceed the state aggregate upper limits to such payments established by applicable federal law and regulation (42 CFR 447.272), such payments shall be cost settled within twelve months of receipt of the completed cost report or December 31, 1996, whichever date is earliest. Hospitals that receive payments in excess of the limits as defined in Paragraph (e) above shall promptly refund such payments. No additional payment shall be made in connection with the cost settlement.

State Plan Under Title XIX of the Social Security Act
Medical Assistance Program
State: NORTH CAROLINA

Payments for Medical and Remedial Care and Services: Inpatient Hospital

(f) An additional one time payment during 12-month period ending September 30, 1995 in the minimum amount of $6,921,757.00 (subject to the payment limits specified in this Subparagraph) may be paid to the Public hospitals that are the primary affiliated teaching hospitals for the University of North Carolina Medical Schools less payments made under authority of Subparagraph (d). The payment limits of the Social Security Act, Title XIX, Section 1923 (g)(1) applied to this payment require that when this payment is added to other Disproportionate Share Hospital payments, the total disproportionate share payments will not exceed 100% of the total cost of providing inpatient and outpatient services to Medicaid and uninsured patients for the fiscal year in which such payments are made, less all payments received for services provided to Medicaid and uninsured patients. The total of all payments may not exceed the limits on Disproportionate Share Hospital funding as set forth for the State by HCFA.

(g) An additional one time payment during the 12-month period ending September 30, 1995 in the minimum amount of $18,000,000.00 (subject to the payment limits specified in this Subparagraph) may be paid to the hospitals that are owned or operated by the Public Hospital Authority organized pursuant to state law that owns or operates hospitals as of September 30, 1995 with a larger number of Medicaid inpatient days than any other such Public Hospital Authority. For qualifications under this Paragraph, the requirements of Subparagraphs (a)(2) through (6) do not apply. The payment limits of the Social Security Act, Title XIX, Section 1923(g)(1) applied to this payment require that when this payment is added to other Disproportionate Share Hospital payments, the total disproportionate share payments will not exceed 100% of the total cost of providing inpatient and outpatient services to Medicaid and uninsured patients for the fiscal year in which such payments are made, less all payments received for services provided to Medicaid and uninsured patients, except that any one time payments that may have been made under Subparagraph (c) of this Plan to any hospital qualified for payment under this Paragraph shall be divided by two for calculating payments received. The total of all payments may not exceed the limits on Disproportionate Share Hospital funding as set for the State by HCFA. Payments to qualifying hospitals under this Paragraph will be allocated on the ratio of each hospital's unreimbursed cost of services as described in this Subparagraph to the total unreimbursed cost of such services for all hospitals qualifying under this Subparagraph.